



19 December 1962

MEMORANDUM FOR: Director of Central Intelligence

THROUGH : Deputy Director of Central Intelligence

SUBJECT : Allocation of Programs As Between CIA
and Defense Department in the FY 1964
NRO Budget

1. Dr. Scoville and I met this morning with Dr. Cheryk and others to discuss the allocation of items as between the Defense Department and CIA in the NRO FY 1964 budget. The President has been given a total figure of [] for NRO for FY 1964. The problem was to identify those items to be included in the CIA budget for FY 1964 and the amounts of each item.

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2. It was recognized that three items involved policy questions which can only be resolved by the DCI and the Secretary of Defense. These items include:

a. CORONA - We argued that [] should be included in the CIA budget for CORONA. This is on the theory that CIA has an operational interest in the program because of its responsibility for the pay load. We argued, more particularly, that development of improved systems for the pay loads will continue to be a responsibility of the DCI and that his responsibility should be reflected by the inclusion of an appropriate amount as a line item in the CIA NRO budget.

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b. The Drone Program - We argued that [] should be included in the CIA budget to cover developmental expenses for this project. Development of the

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NRO review(s) completed.

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drone is inextricably related to the development of the A-12. The development of the drone cannot logically be conducted as a separate program under separate management responsibility.

c. We also argued that [] should be included in the CIA budget to finance the feasibility study for a covert satellite system to take the place of CORONA. In this case, we argued that the purpose of the study is to develop a strictly covert system which clearly falls within the responsibility of the Agency.

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3. Inherent in all these questions is the thought that the responsibility for budgeting of these programs should coincide with the assignment of management responsibility for the particular program. Essentially, as we understand it, CIA is budgeting for those items for which it has management responsibility.

4. Some confusion apparently still exists with respect to this concept. I understand that the Air Force is now taking the position that our responsibility for these programs is a "presentation responsibility". Under this theory, we would defend individual programs as a part of our budget. The appropriation, however, would be made centrally to the Defense Department which would continue to administer the funds centrally. On this theory, I understand that the Air Force is still proposing the apportionment of the CIA FY 1963 budget figure of [] to the Defense Department.

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5. Our position is that we should budget for these programs and that the apportionment should be made to the Agency. We agree that once this apportionment is made that the programs should be administered on a centralized and integrated basis and that complete records and books covering all NRO programs should be kept in the Office of the Comptroller, NRO []. We, however, should have a separate presentation and a separate apportionment.

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6. With the exception of the foregoing, there was agreement with respect to the items to be included in the CIA budget as follows:

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JOHN A. BROSS
Comptroller

DEC 50 5 21 PM '85

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